

## Message Text

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ACTION ARA-10

INFO OCT-01 AF-04 EUR-10 EA-07 NEA-06 ISO-00 FEA-01 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-03

FPC-01 H-01 INR-10 INT-01 L-02 NSAE-00 NSC-07 OMB-01

PM-03 RSC-01 SAM-01 SCI-03 SP-02 SS-14 STR-01 TRSE-00

FRB-01 PA-01 USIA-04 PRS-01 DRC-01 /110 W

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R 082240Z OCT 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2788

INFO AMEMBASSY ABU DHABI

AMEMBASSY BOGOTA

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

CONFIDENTIAL QUITO 6679

E.O. 11652: GDS

TAGS: PINT, ENRG, EC

SUBJECT: SIGNIFICANCE OF JARRIN REPLACEMENT AS NATURAL RESOURCES

MINISTER

REF: QUITO 6616 (NOTAL)

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1. CAPT. GUSTAVO JARRIN, RELIEVED ON OCTOBER 4, AS MINISTER

OF NATURAL RESOURCES AND ENERGY, WAS ONE OF THE LAST REMAINING MEMBERS OF THE MILITARY GOVERNMENT'S ORIGINAL CABINET, INSTALLED IN FEBRUARY 1972. HIS 32-MONTH TENURE, WHICH WAS LARGELY OCCUPIED WITH FORMULATING AND MANAGING ECUADOR'S PETROLEUM POLICY, HAD ALWAYS BEEN A CONTROVERSIAL ONE.

2. AN INTENSE, INSECURE LONER CLIMBING IN SOCIAL STATUS THROUGH HIS NAVY CAREER, JARRIN SEEMS TO HAVE BEEN RESPECTED - BUT NEVER POPULAR - AMONG HIS PEERS. AS MINISTER HE ADOPTED A THEATRICAL, NATIONALISTIC AND HIGHLY PUBLIC PERSONAL STYLE. TO AN ACCOMPANIMENT OF SELF-RIGHTEOUS RHETORIC, HE POSTURED AS THE SAVIOR OF ECUADOR'S NATURAL-RESOURCE PATRIMONY AND, WITH AN INNATE FLAIR FOR PUBLICITY, HE SEEMED CLOSE TO HAVING MADE HIMSELF INTO AN INDEPENDENT POLITICAL FORCE.

3. UNDERSTANDABLY THIS NEVER SAT WELL WITH PRESIDENT RODRIGUEZ LARA AND HIS MORE SELF-EFFACING COLLABORATORS, PARTICULARLY HIS ARMY COLLEAGUES. BASICALLY A CAUTIOUS AND CONSERVATIVE LOT, THEY WERE, IN ADDITION, NEVER COMFORTABLE WITH JARRIN'S RADICAL APPROACH AND THE FREQUENTLY RECKLESS INITIATIVES HE TOOK IN HIS PERMANENT ADVERSARY RELATIONSHIP WITH FOREIGN (MAINLY US) OIL PRODUCERS.

4. OVER A YEAR AGO THERE WERE WELL-FOUNDED REPORTS THAT RODRIGUEZ WAS DISSATISFIED WITH JARRIN'S PERFORMANCE AND INTENDED TO REPLACE HIM WITH A PRESUMABLY MORE COMPLIANT ARMY OFFICER. THE NAVY TREATED THIS TRIAL BALLOON AS AN INTER-SERVICE ISSUE, LINING UP SOLIDLY BEHIND JARRIN AND EVEN REPORTEDLY TELLING RODRIGUEZ THAT, SINCE NATURAL RESOURCES WAS A "NAVY MINISTRY", IT, NOT HE, WOULD DETERMINE JARRIN'S TENURE AND HIS SUCCESSOR.

5. THE PRESIDENT, HOWEVER, IS ABOVE ALL A PATIENT AND RESOURCEFUL MAN. HE HAS OBVIOUSLY BIDED HIS TIME UNTIL, WITH ALL HIS DUCKS IN A ROW, HE COULD MOVE AGAINST JARRIN WITH ASSURANCE. HIS WEAPON SEEMS TO HAVE BEEN THE LONG-OVERDUE PROMOTIONS TO FLAG AND GENERAL OFFICER RANK. AS PREVIOUSLY REPORTED (QUITO 5958, 5990), THIS WAS USED TO INTRODUCE PUBLICLY THE THEME OF A

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NECESSARY JOB RESHUFFLE AMONG THE TOP MILITARY: NEWLY PROMOTED OFFICERS HAD TO BE ACCOMMODATED IN JOBS EQUAL TO THEIR NEW GRADE; AND OFFICERS WITH LENGTHY TOURS IN CIVILIAN JOBS HAD TO RESUME MILITARY RESPONSIBILITIES, LEAST THEIR CAREER SUFFER.

6. THIS OPENED A MONTH-LONG WAR OF NERVES BETWEEN JARRIN AND THE PRESIDENT, FOUGHT LARGELY IN THE PRESS

THROUGH STATEMENT AND DENIAL, RUMOR AND COUNTER-RUMOR. TO REPORTS THAT HE HAD REQUESTED TRANSFER, JARRIN ISSUED A FLAT DENIAL. BUT, LIKE NOXIOUS WEEDS, THEY WOULD SPROUT FORTH AGAIN EVERY FEW DAYS. JARRIN'S HERBICIDE WAS TO SEEK MAXIMUM PUBLIC EXPOSURE. THE FORTUITOUS CONVENING OF OPEC'S XLI (SPECIAL) MEETING IN SEPTEMBER WAS ACCCOMPANIED BY JARRIN'S ELECTION AS CONFERENCE PRESIDENT-AN ENTIRELY GRUITUITOUS GESTURE SINCE HIS TERM AS OPEC PRESIDENT EXTENDS TO THE NEXT GENERAL MEETING (DECEMBER). THIS "ELECTION", THE MEANING WHICH WAS ATTRIBUTED TO IT HERE, AND THE MEETING ITSELF, GAVE JARRIN AMPLE OPPORTUNITY TO STRIKE HEROIC POSES. HE AND HIS MINISTRY SUPPORTERS INSPIRED A SERIES OF SYMPATHETIC PRESS STORIES AND PUBLISHED HIS SPEECH AT THE MEETING IN FULL PAGE ADS IN ECUADOR'S FOUR MAJOR DAILIES. DEVOTED MINISTRY EMPLOYEES ORGANIZED, AT HIS SUGGESTION, AN EMPLOYEE ACT OF SUPPORT. THE FORD/KISSINGER ENERGY SPEECHES CREATED BRILLIANT OPPORTUNITIES FOR A JARRIN RIPOSTE (QUITO 6313), ONE WHICH RODRIGUEZ WAS ABLE TO MITIGATE ONLY DAYS LATER (QUITO 6428). FAR-LEFT STUDENT GROUPS WERE MADE TO RALLY TO THE MINISTER'S SUPPORT. AFTER A FEW WEEKS OF THIS STREET THEATER, IT BEGAN TO SEEM THAT JARRIN MAY HAVE MADE HIMSELF UNTOUCHABLE (QUITO 6329).

7. HOWEVER, RODRIGUEZ HAD APPARENTLY LINED UP MULTI-SERVICE SUPPORT FOR A CHANGE: PERSISTENT PRESS REPORTS THAT JARRIN HAD BEEN "CONFIRMED" IN OFFICE WERE JUST AS EMPHATICALLY DENIED BY PALACE SPOKESMEN, INCLUDING PRIVATELY TO THE MISSION. FINALLY, IN ONE LAST GRAND GESTURE, JARRIN SOUNDED OUT OPEC CAPITALS RE A POSSIBLE SPECIAL MEETING (WHICH HE WOULD UNDOUBTEDLY BE CALLED ON TO CHAIR) TO DEAL WITH THE "THREAT" POSED BY FORD/

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KISSINGER ENERGY SPEECHES (QUITO 6385). THIS UNFORTUNATELY FOR JARRIN, FAILED TO STRIKE A RESPONSIVE CHORD. OPEC OFFICIALDOM CLEARED ITS THROAT. RODRIGUEZ AND THE REST OF THE GOE IGNORED JARRIN, WHO WAS LATER REDUCED TO FINDING A REASON WHY THE "THREAT" HAD ABATED. THAT APPEARS TO HAVE BEEN JARRIN'S LAST CARD. A FEW DAYS LATER, HE WAS OUT (REFTEL).

8. SO FAR, REACTION TO JARRIN'S OUSTER HAS BEEN MILD AND THE ISSUE APPEARS TO BE FADING FROM PUBLIC NOTICE. THE STORY OF COURSE DOMINATED THE PRESS, BUT ONLY FOR A DAY, AND WAS PRESENTED IN A GENERALLY FACTUAL VEIN. (ONE GUAYAQUIL DAILY DRAMATICALLY HEADLINED THAT JARRIN HAD "FALLEN".) ONLY THREE EDITORIALS OR COLUMNS (TWO OF WHICH WERE REPORTED IN QUITO 6641) HAVE THUS FAR

TAKEN NOTICE OF JARRIN'S REMOVAL, AND NONE OF THEM WAS CRITICAL OF THE GOE'S ACTION. AND A PROTEST MEETING ORGANIZED OCTOBER 7 BY PRO-COMMUNIST UNIVERSITY AND LABOR SECTORS, WHICH WAS ALSO SCHEDULED TO MARCH ON THE EMBASSY, FIZZLED COMPLETELY, IT DREW SCARCELY A HUNDRED ATTENDEES WHO, AFTER BRAVING A ROUND OF SPEECHES, STRAGGLED HOME IN THE RAIN.

9. JARRIN'S REMOVAL APPARENTLY LEAVES HANGING SOME OF HIS LAST GESTURES, SUCH AS THE ANNOUNCEMENT THAT THE GOE WOULD NOW PROCEED TO ACQUIRE A MAJORITY SHARE OF THE TEXAS-GULF OPERATION, AND HIS DEADLINE TO T-G FOR AN AGREEMENT ON THE PRICE OF BUYBACK OIL. SINCE THIS APPEARS TO HAVE BEEN MORE A PART OF JARRIN'S LAST PERFORMANCE THAN BASIC GOE POLICY, WE ARE HOPEFUL FOR A SOMEWHAT MORE CONSTRUCTIVE APPROACH IN THE MINISTRY'S FUTURE DEALINGS WITH US PETROLEUM INTERESTS. WE BASE THIS ON THE ASSUMPTION THAT RODRIGUEZ WILL NOW BE ABLE TO IMPOSE HIS WILL ON PETROLEUM POLICY, AND THAT THE NEW MINISTER, SALAZAR, WHO HAS PREVIOUSLY SHOWN HIMSELF TO BE WELL DISPOSED TOWARD THE US AND IS HIGHLY REGARDED BY HIS NAVY COLLEAGUES, WILL PROVE TO BE A TEAM PLAYER RATHER THAN A SOLO PERFORMER.

10. TO BE SURE, ECUADOR WILL CONTINUE TO JEALOUSLY GUARD ITS OIL AND TO BARGAIN HARD FOR THE BEST POSSIBLE

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TERMS. NO CONCEIVABLE GOE COULD DO LESS. ECUADOR WILL ALSO CONTINUE TO SHARE LDC SKEPTICISM REGARDING THE SERIOUSNESS OF CURRENT OIL-PROVOKED WORLD ECONOMIC DIFFICULTIES. NEVERTHELESS, WITH RODRIGUEZ MORE FIRMLY IN CONTROL OF RESOURCES POLICY, AND NO JARRIN TO BOX HIM INTO ANTAGONISTIC PUBLIC POSITIONS, THERE IS AT LEAST A REASONABLE CHANCE THAT THE PRESIDENT'S OBVIOUS STAKE IN GOOD RELATIONS WITH THE U.S. WILL FOSTER AN EASIER WORKING RELATIONSHIP ON OIL ISSUES.

BREWSTER

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## Message Attributes

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